

Monday, 9 December 2019

APRA lets the heat off banks

Australian Prudential Regulation Authority (APRA) will soon release so called ‘heatmaps’ for default superannuation products.

The ACTU is concerned these heatmaps do not measure the true performance of super funds because APRA has made assumptions about the safety of certain asset classes and designed a system which is fundamentally flawed.

The heatmaps do not consider the actual performance for members of their fund, their net return. The design of the heatmaps shows the bank-owned funds performing much more strongly than they are.

The heatmaps only look into the performance of MySuper products, ignoring the systemic failures of bank-owned superannuation funds’ choice options – which make up the vast majority of retail superannuation products. It also ignores the highly damaging SMSF sector which rip off workers.

The release of this misleading data comes as the Morrison Government is pursuing a bill which would rip the bargaining rights of workers to nominate a workplace fund, driving business towards the under-performing retail funds.

The Government has delayed for years the appointment of the Fair Work Commission panel to decide default funds in awards to keep the banks in default super.

If the Government and regulators were serious about underperformance in super they would act now to appoint the Fair Work Commission Superannuation panel to clean up award super and force chronically underperforming funds out of the default system.

Quotes attributable to ACTU Assistant Secretary Scott Connolly:

“These new APRA ‘heatmaps’ are misleading as they do not take into account the actual returns received by members, nor the funds strategy for its members.

“APRA makes a critical mistake in assuming all unlisted assets are the same, as though an investment in nation-building infrastructure is equivalent to venture capital.

“These heatmaps focus solely on default superannuation and ignore the bank-dominated choice sector which was found to be at best conflicted and in some cases criminal during the Royal Commission.

“This is another example of the Government and APRA pushing the wrong priority in favour of bank-owned superannuation funds. The Government has ignored the lessons of the Royal Commission and continues to kowtow to the banks and their interests.

“The ACTU is calling on APRA to engage better with funds and members’ representatives, support the reinstatement of the FWC Superannuation panel and produce reports which properly informs workers wanting to make a choice.”

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